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BEFORE THE ARIZONA CORPORATION COMMISSION

2012 JUL -2 P 3:18

GARY PIERCE
Chairman

BOB STUMP

Commissioner

SANDRA D. KENNEDY

Commissioner

PAUL NEWMAN

Commissioner

BRENDA BURNS

Commissioner

AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JUL 02 2012

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IN THE MATTER OF THE REVIEW AND
POSSIBLE REVISION OF ARIZONA
UNIVERSAL SERVICE FUND RULES,
ARTICLE 12 OF THE ARIZONA
ADMINISTRATIVE CODE

DOCKET NO. RT-00000H-97-0137

IN THE MATTER OF THE
INVESTIGATION OF THE COST OF
TELECOMMUNICATIONS ACCESS

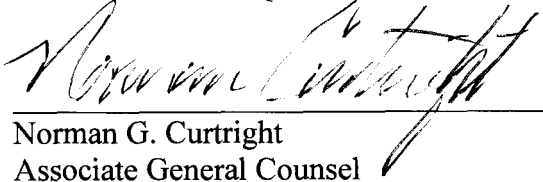
DOCKET NO. T-00000D-00-0672

CENTURYLINK'S REPLY COMMENTS
TO THE COMMISSION'S QUESTIONS
CONTAINED IN THE PROCEDURAL
ORDER DOCKETED ON MARCH 21,
2012

Pursuant to the March 21, 2012 Procedural Order issued in the above-referenced consolidated dockets (the "Procedural Order"), Qwest Corporation d/b/a CenturyLink-QC ("CenturyLink") hereby submits the attached reply to the comments filed by certain parties on June 15, 2012.

1 RESPECTFULLY SUBMITTED, this 2nd day of July, 2012.

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Pursuant to the March 21, 2012 Procedural Order issued in the above referenced consolidated dockets (the "Procedural Order"), Qwest Corporation d/b/a CenturyLink-QC ("CenturyLink") hereby submits its response to the Comments filed by the Staff and Reply Comments filed by other parties in this docket.

CenturyLink generally agrees with the positions reflected in Staff's comments, and relies on its initial and responsive comments with regards to the comments of the other parties.

First, Staff concludes that the Arizona Commission should avoid taking any further action in this proceeding on all of the questions posed by the ALJ. CenturyLink agrees. Specifically, CenturyLink agrees with Staff's comments regarding the key issues addressed in CenturyLink's Reply comments, such as originating access, where Staff proposes no further action until the FCC concludes its Further Notice of Proposed Rule Making (FNPRM) that is investigating this same issue. Staff recognizes that the FCC is addressing originating access as part of that proceeding and that no further action is warranted in this proceeding at this time.

Second, CenturyLink agrees with Staff that the Commission should not take any further action on intrastate access reform at this time. The Staff states that until jurisdictional issues are resolved in the Appeal of the FCC's Order, it makes no sense for the Commission to take action on access reform.

Third, Staff states in its Comments that no new procedures are necessary to review the intrastate access tariffs and work papers filed in compliance with the FCC's Order. CenturyLink agrees. Separate dockets have already been opened for the various LEC tariff filings made under

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the FCC Order for the first phase of terminating access reductions to be made effective on July 3, 2012, and there is no basis to consider these tariffs in this generic access reform docket. For example, CenturyLink filed tariffs implementing the initial required changes to intrastate access charges on May 21, 2012, and provided confidential work papers to the Staff and interested parties in Docket No. T-01051B-12-0187. These filings were made with the Arizona Corporation Commission using the Commission's existing processes and procedures for tariff approval. Staff states in its Reply Comments that it is currently reviewing these filings under the current tariff review process and that the FCC's timetable and accompanying requirements have already been established. CenturyLink agrees with Staff that no new process or procedure is needed to implement these tariff changes.

Fourth, CenturyLink agrees with Staff that there is not sufficient evidence on the current record to support changes in the AUSF, given the FCC's expansive and preemptive actions in the CAF order. Staff recommends that the Commission should hold the current docket in suspension until the jurisdictional issues are sorted out at the Tenth Circuit Court of Appeals. While ALECA continues to recommend that the AUSF rules should be revised to provide a revenue-neutral offset from the AUSF for state access reductions, there is no basis to take such action in this docket. The CAF Order reduces terminating intrastate access rates over time, and provides limited, partial revenue recovery for the reductions through an Access Recovery Charge (ARC). The full impact of these changes is not yet known. As the Staff notes, "The extent of the need for the AUSF to cover these reductions is also uncertain at this point, since the FCC established

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an Access Recovery Charge (“ARC”) which will compensate carriers for reductions to their intrastate terminating access charges.”

The one area CenturyLink would like to clarify relates to contracts for switched access services. CenturyLink has historically advocated that agreements for access are allowed, but that the Commission must focus on the harmful impacts of discriminatory agreements. While the FCC order allows the use of contracting and envisions that tariffs will become obsolete over time, CenturyLink would like to caution that the use of contracts can lead to discriminatory treatment if the contracts contain exclusionary rates, terms and conditions and are not made generally available to other similarly situated parties. The Commission should require that all contracts for switched access services be made generally available to all similarly situated carriers.

CONCLUSION

First, CenturyLink agrees with Staff that the Commission should not take additional action in this docket regarding originating intrastate access charge reductions until the FCC concludes the pending FNPRM. Second, as Staff notes, FCC actions have overtaken this docket, and there is no reason to address access reform here. Third, CenturyLink agrees with Staff that it is not necessary for the Commission to put in place new and/or additional processes and procedures for review of the switched access rate reductions that become effective on July 3, 2012. Most companies have already filed their tariffs and the Commission’s current processes are sufficient to allow for a thorough review. Fourth, CenturyLink agrees with Staff that it is not

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appropriate to address AUSF changes at this time, given the unresolved issues regarding the CAF. Finally, CenturyLink points out that since the use of contracts can lead to discriminatory treatment if the contracts contain exclusionary rates, terms and conditions and are not made generally available to other similarly situated parties, the Commission should require that all contracts for switched access services be made generally available to all similarly situated carriers.